High cost transactions imposed on retail customers

156. SHRIMATI SUKHBUNS KAUR: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has taken note of the high cost of transactions imposed by private and foreign banks on retail consumers and also the non-disclosures of several hidden charges on retail loans like housing and automobile loans; and

(b) if so, what steps have been taken to bring about transparency in these aspects?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Indian Banks' Association (IBA) has prescribed the Fair Practice Code setting out standards of fair banking practices to be followed by the member banks while dealing with individual customers. The Fair Practice Code, *Inter-alia,* prescribes that a customer should be given upfront details of all charges applicable to the products offered by a bank.

RBI's directives against money laundering

157. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether RBI in coordination with SEBI and IRDA has issued stringent directives for banks to check money laundering and terror funding;

(b) if so, what are the directives that have been issued by RBI to banks; and

(c) what mechanism do the banks have to track down suspicious transactions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Reserve Bank of India has issued guidelines on "Know Your Customer" (KYC) norms to the banking sector. These guidelines are expected to help banks prevent laundering of criminal proceeds through the banking channel.

(c) In terms of the Prevention of Money Laundering Act, 2002, which

has since been enforced from July 1, 2005, banks are required to appoint a Principal Officer. Principal Officer will be responsible to enforce anti money laundering measures in the bank and report suspicious transactions to Financial Intelligence Unit (FIU) for further action.

Increase in prices and inflation

†158. SHRI P.K. MAHESHWARI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the increase in price hike has not been equal to the increase in inflation rate during last one year;

(b) if so, the details thereof; and

(c) whether it is affecting the purchasing power of the common man in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The month-wise Wholesale Price Index (WI) with base 1993-94=100 and the Consumer Price Index for Industrial Workers (CPI-IW) with base 1982=100 and the annual inflation rates(%) since April 2004 are given in the following table:—

Table: WPI and CPI(IW) Indices and Annual Inflation Rates(%)

Year/ Month	WPI (Base: 1993-94=100)	CPI (Base: 1982=100)	Inflation rate (%)		Purchasing Power of rupee in paise (1982=100 paise)
			WPI	CPI	
(1)	(2)	(3)	(4)	(5)	(6)
2004 Apr	180.9	504	4.5	2.2	19.84
May	182.1	508	5.0	2.8	19.69
Jun	185.2	512	6.7	3.0	19.53
Jul	186.6	517	7.6	3.2	19.34
Aug	188.4	522	8.5	4.6	19.16
Sep	189.4	523	7.9	4.8	19.12
Oct	188.9	526	7.3	4.6	19.01
Nov	190.2	525	7.5	4.2	19.05
Dec	188.8	521	6.8	3.8	19.19
2005 Jan	188.6	526	5.5	4.4	19.01
Feb	188.8	525	5.0	4.2	19.05
Mar	189.4	525	5.3	4.2	19.05
Apr	191.6	529	5.9	5.0	18.90
May	192.1	527	5.5	3.7	18.98

†Original notice of the question was received in Hindi.